

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1884 – SB 1843

March 18, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the Tennessee Higher Education Commission (THEC) and the governing bodies of public higher education institutions to include hierarchical organizational charts showing relationships between its officials and between its departments and divisions in the budget documents that are presented to the Finance, Ways, and Means Committees of the Senate and the House of Representatives, respectively

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014076):** Deletes all language of the original bill. Creates the Joint Higher Education Audit Committee. The committee shall be composed of nine members as follows: the Chair of the Senate Finance, Ways, and Means Committee; the Chair of the House Finance, Ways, and Means Committee; the Chair of the Senate Education Committee; the Chair of the House Education Administration and Planning Committee; the Chair of the House Education Instruction and Programs Committee; the Chair of the Senate Government Operations Committee; the Chair of the House Government Operations Committee; one at-large member of the Senate appointed by the Speaker of the Senate; and one at-large member of the House of Representatives appointed by the Speaker of the House of Representatives.

The Committee shall meet at least four times prior to December 31, 2016 and four times in calendar year 2017. Members of the committee or subcommittee are entitled to reimbursement for their expenses in attending meetings of the committee at the same rates in the same manner as when conducting legislative business for the General Assembly.

Authorizes the joint committee to request the assistance of the Tennessee Higher Education Commission (THEC) as its facilitator to in performing duties. Requires THEC to assist in setting the meetings and agendas of the joint committee. Requires THEC to perform such duties for the joint committee as are requires to achieve the objectives of making public higher education systems and institutions operate more efficiently and to make use of state resources in the most efficient manner.

Sets forth duties of the joint committee which include but are limited to: defining the scope of the audit; issuing requests for proposal (RFP) for consulting services in defining and setting the scope of the audit and for the performance of an efficiency audit; to review RFP proposals that are received; to request authorization and funding to implement efficiency audits; and to review

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the audits findings and recommendations to determine whether inefficiencies exist at higher education institutions and systems.

THEC shall report to the 110<sup>th</sup> General Assembly on efforts of the joint committee in achieving the objectives of making public higher education systems and institutions operate more efficiently. THEC shall specifically address how proposed changes at the systems or institutions to achieve cost efficiencies shall affect tuition and fees. Efficiency audits of the University of Tennessee system and its institutions, including the University of Memphis-Lambuth, shall be scheduled and contracted as the first audits procured by the joint committee.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Expenditures – Exceeds \$109,300**

Assumptions for the bill as amended:

- Nine members of the General Assembly will serve on the Joint Higher Education Efficiency Audit Committee.
- The committee shall meet at least four times per calendar year. At least one meeting each year will be held while the General Assembly is in session or on days when other state business is being conducted; therefore, it is estimated that at least three meetings per year will require per diem and travel reimbursement payments.
- Legislative members receive \$204 per day for official legislative activities and \$0.47 per mile for travel. It is assumed that each member will make a round trip of 297 miles per meeting.
- The bill will result in a recurring increase in state expenditures estimated to be \$9,277  $\{[(9 \text{ members} \times \$204) + (9 \text{ members} \times \$0.47 \times 297 \text{ miles})] \times 3 \text{ meetings}\}$  for member travel and per diem.
- The Committee is authorized to employ staff and to procure and enter into consulting contracts for audit preparation and execution. The extent of any such resources required is unknown at this time; however, based on prior contracting costs for committees and staff salary and benefits, the recurring increase in state expenditures is reasonably estimated to exceed \$100,000.
- The total recurring increase in state expenditures is estimated to exceed \$109,300  $(\$100,000 + \$9,276)$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp